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IN THE

Supreme Court of the United States

OCTOBER TERM, 1972.

No. 72-112

ZEGERS, INC.,

Petitioner,

vs.

EDWARD A. ZEGERS,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Respondent, Edward A. Zegers, plaintiff in the above identified civil action, in the District Court, opposes the petition for writ of certiorari to review the judgment and opinion of the United States Court of Appeals for the Seventh Circuit entered in this proceeding on March 20, 1972.

JURISDICTION.

None of the grounds on which Petitioner attempts to invoke jurisdiction of this Court is sufficient because:

(1) This civil action presents nothing more than the usual patent accounting matters; and

(2) There is no conflict between the decision of the Court of Appeals for the Seventh Circuit in this

civil action and any decision of this Court, as contended by the Petitioner.

QUESTION PRESENTED.

Petitioner incorrectly states that the question presented in this civil action is whether a plaintiff-patent owner, who cannot establish that he has been damaged by defendant's infringement, may nevertheless recover a reasonable royalty. The Respondent in this case *did** prove the *fact* of actual damage, so that the question asserted by the Petitioner is not presented by this civil action.

STATEMENT OF THE CASE.

Petitioner's statement of the case is incomplete and erroneous in that:

(1) It fails to point out that the Petitioner is an admitted, willful, direct infringer;

(2) It indicates that Respondent was not in competition with Petitioner in the marketing of the patented clips for installing combination sash balance and weatherstrip units. This is contrary to fact, and is contrary to the findings of the Master. As stated by the Master (Appendix C, p. 19a), the Respondent

> ". . . did market a so-called half clip having the press-in channel construction *covered by claims 5 and 6* of the patent in suit (i.e., a press-in clip having a hook on only one end) *in competition with defendant's* [*Petitioner's*] *infringing clip.*"

(3) Petitioner states that the Master found that the Respondent did not attempt to prove the amount of profits lost by him, and thus Respondent "failed to prove any damages to him". This, also, is contrary to fact and is contrary to the Master's

* Emphasis added throughout, unless otherwise indicated.

findings. The Respondent did prove the *fact* of actual damage, but merely did not attempt to prove the *amount* of such damages, relying upon the "reasonable royalty" recovery of the patent statute (Section 284, Title 35 USC). This was specifically recognized by the Master. For example, the Master stated (Appendix C, p. 17a):

> "10. At the hearings on this accounting, plaintiff did not attempt to prove the *amount* of profits lost by him as a result of defendant's manufacture, use or sale of clips embodying the press-in feature covered by claims 5 and 6 of the patent in suit (hereinafter referred to as 'defendant's infringing clips'), asserting that the expense of presenting such proof was prohibitive.*

REASONS FOR NOT GRANTING THE WRIT.

Petitioner argues that the Respondent is not entitled to any award in this matter, even an award on the basis of a reasonable royalty, because the patent statute does not permit it. This argument is without merit, and, in fact, is directly contrary to the express provisions of the patent statutes which provide (Section 284, Title 35 U. S. C.):

> "Upon finding for the claimant the court *shall* award the claimant damages adequate to compensate for the infringement but *in no event less than a reasonable royalty for the use made of the invention by the infringer*, together with interest and costs as fixed by the court."

"* Plaintiff did, however, present evidence showing that various customers to whom he had previously sold combination weatherstrip and sash balance units had stopped purchasing such products from him and begun buying them from defendant, during the period when defendant was offering its infringing clips, *for the purpose of showing that he had suffered substantial actual damage by reason of defendant's infringement of his patent.*"

This section of the statute also provides:

> "... the court may increase the damages up to three times the amount found or assessed."

Thus, the statute is not merely permissive, but is *mandatory* in its provision that in an infringement action such as this the court "*shall*" make an award to the plaintiff which "in *no* event" is "less than a reasonable royalty *for the use made of the invention by the infringer.*"

The Petitioner's argument with respect to this matter seems to be that by the grant of a patent a patentee merely acquires the right to exclude others from making, using and selling that which is covered by this patent, and not the exclusive right to make, use and sell that which is covered by his patent, so that unless a patentee proves *actual* damages by way of lost sales, and the like, he has not proved that he has been damaged and is not entitled to any recovery, but is entitled merely to an injunction. This, of course, on its face, is clearly fallacious. In the first place, if a patentee has the right to exclude others from making, using or selling that which is covered by his patent, and another violates that right, the patentee has been damaged in his right to exclude. The statute does not state that the court will award "actual" damages, as Petitioner seems to argue. It states that the court *shall* award "damages adequate to compensate for the infringement" and then sets forth the specific provision that the award shall be "*in no event less than a reasonable royalty for the use made of the invention by the infringer*".

This argument of the defendant that a successful plaintiff-patentee is not entitled to any award unless it proves actual damages would preclude a successful plaintiff-patentee, who had never licensed others or manufactured under the patent from any recovery from a willful, wanton infringer. That, of course, is not the law. As stated by the Master (Appendix C, p. 20a):

"The statutory language is unequivocal, and does not say that a patent owner's right to recovery from an infringer is conditioned upon a showing that the patent owner sustained actual monetary loss or competitive damage from the defendant's infringement of his patent; on the contrary, the statute clearly contemplates that the patent owner shall recover either (a) damages adequate to compensate him for the defendant's infringement (in a case where those damages are susceptible of proof and exceed a reasonable royalty) or (b) a reasonable royaly on the use made of his invention by the defendant (in a case where the patent owner's actual monetary loss or competitive damage is not susceptible of proof or is less than a reasonable royalty). In short, any unlicensed or otherwise infringing use of a patented invention constitutes damage to the patent owner, in a legal sense, irrespective of competitive disadvantage from the infringement."

Furthermore, the Respondent did show that he had, in fact, been damaged, and the fact that he marketed a somewhat different clip from that of the Petitioner (both of which come under the patent claims in suit) is immaterial. As stated by the Master (Appendix C, p. 19a):

"Defendant's argument, however, ignores the uncontroverted evidence that plaintiff, though enjoined from marketing a clip having hooks on both sides, did market a so-called half clip having the press-in channel construction covered by claims 5 and 6 of the patent in suit (i.e., a press-in clip having a hook on only one end) in competition with defendant's infringing clip. Thus, the fact that plaintiff was enjoined from marketing clips that were identical to defendant's infringing clips is beside the point, for during the period when both plaintiff and defendant marketed clips having the press-in feature covered by claims 5 and 6 of the patent in suit, plaintiff necessarily sustained actual damage, in a monetary or competitive sense, each time any customer desiring clips having the patented press-in construction obtained them from defendant rather than from plaintiff."

At page 6 of its petition, the Petitioner cites the case of *Aro Mfg. Co.* v. *Convertible Top Co.*, 377 U. S. 476.

Thereafter, throughout its petition (pp. 6-12) the Petitioner discusses and quotes from Section IV of that portion of the opinion appearing at pages 477 to 484. Repeatedly throughout this discussion, the Petitioner refers to this portion of the opinion as the "opinion of the court", or with respect to specific quotations from Section IV states that "this court stated", and the like.

All of these statements of the Petitioner *are totally incorrect.* The portions of the opinion relied upon by the Petitioner, and quoted by the Petitioner, are not a portion of "decision of this court", and the "court" did not make the statements attributed to it by the Petitioner. They are portions of a *minority* opinion which is not a part of the "decision" of the Court. This is specifically pointed out in footnote 18, appearing on page 502.

Following the aforementioned citation of the *Aro Mfg.* case, Petitioner (at page 6) states:

> "A footnote to Section IV states that this part of the opinion expresses the views of Justices Brennan, Stewart, White and Goldberg, and that Mr. Justice Harlan considers that the matters dealt with in this section were not ripe for decision and should be left for determination in the future course of the pending litigation."

It is respectfully submitted that this statement is not enough to clarify the clearly erroneous impression afforded by the aforementioned repeated statements, and it does not justify crediting to this Court language which comes from a minority opinion thereof.

Furthermore, even the Justices of this Court, who joined in Section IV were not saying that actual damages had to be proved in order to recover a reasonable royalty under the statute. In the *Aro* case, Ford Motor Company had paid

the plaintiff $73,000.00; and the question being discussed in the aforementioned Section IV portion of the opinion was whether, under the present statute, the award to a plaintiff should be considered to be "damages" only or whether it could be considered to be "profits", *per se,* as it might have been under the earlier statute which provided for the recovery of both profits and damages. The reason for this inquiry was that if the recovery was limited to "damages" the payment by Ford also applied to the joint tort feasor, *Aro,* but if "profits as such" (p. 506) were still recoverable, the payment by Ford did not relieve Aro.

Thus, even this minority portion of the opinion was not stating that actual damages had to be proved in order to recover a reasonable royalty.

At page 10 of its petition, Petitioner cites an 1853 case (*Seymour* v. *McCormick,* 8 How. 480, 14 L. ed., 1024) as authority for the provision that "*actual*" damages must be actually proved. This, of course, is entirely immaterial. The Respondent in the present civil action relied on the reasonable royalty provisions of the statute for his recovery. As such, there was no burden on the Respondent to prove "actual" damages, although, as part of his proof as to what should be a reasonable royalty the Respondent did show that, when the Petitioner started infringing the Respondent lost certain customers, and after the Petitioner was enjoined from infringement he regained those customers.

CONCLUSION.

The awarding of damages by the Court of Appeals for the Seventh Circuit in this case on the basis of a reasonable royalty was entirely correct. The grounds upon which the Petitioner seeks certiorari herein are not well founded. The petition should be denied.

Respectfully submitted,

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